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May 14, 2010

## REMARKS OF ROBERT GREENSTEIN

### At the Reception for the 2010 Daniel Patrick Moynihan Prize From The American Academy of Political and Social Science

Thank you, David, and thanks to all of you for coming tonight.

Thank you to friends and colleagues here tonight from the scholarly community; from the world of philanthropy; from journalism; from the Administration and Congress; from elsewhere in the policy community; and from the Center on Budget and Policy Priorities – my home away from home for the last 28 years. And speaking of home, I want to thank my wonderful wife Elissa, who’s also here tonight.

Thanks, most of all, to the Academy. I am both honored and surprised to receive this award.

When Douglas Massey called to tell me of the award, I first thought that the committee had surely made a mistake. “Does the Academy know,” I asked Doug, “that I don’t have a PhD?”

While Doug allayed that concern, I still find it quite daunting to receive an award in the name of Daniel Patrick Moynihan, who was such a towering figure, an inspiration for those of us who labor in his intellectual shadow.

It is also somewhat daunting to find myself in the company of the previous winners of this award — Alice Rivlin and David Ellwood.

As many of you know, Alice has been a pioneer in the world of fiscal policy, as the founding director of the Congressional Budget Office and first woman to direct the Office of Management and Budget. At the moment, she is both serving on the President’s fiscal commission and co-chairing another fiscal commission for the Bipartisan Policy Center. No one can work on fiscal policy in this town without having both great admiration and great affection for Alice — for her dedication, her integrity, and her decency.

As for David Ellwood, my bonds with him are deep, and I’m so pleased that he is here tonight. I remember when I first came upon David’s work. It was 1984 or 1985 and I came across a paper that he was presenting at an academic conference, entitled “Charles Murray: Did Robin Hood Ruin the Kingdom?” The paper was the first strong challenge to Charles Murray’s *Losing Ground*. I read it with growing excitement, and I began searching for other things that this young scholar had written. Soon, I was sending David’s writings to Congressional staff, journalists, and others and

urging them to read them, including a terrific paper on poverty and welfare that David co-wrote with another young economist — some fellow named Larry Summers.

Incidentally, my mention of the first paper of David's that I read highlights yet another area where I really am not a worthy successor of his — and that is, in coming up with titles. Think of the title of the paper I just mentioned — “Did Robin Hood Ruin the Kingdom?” Is that a cool title or what? Now look at how I do with titles. I mean, I'm the guy who came up with that mouthful, “The Center on Budget and Policy Priorities.” Almost 30 years later, people are still telling me to come up with a better name.

In any event, it's fair to say that David has had a profound impact on my thinking and on that of others at the Center on Budget. He also served for a number of years on the Center's Board. In fact, we have two others here tonight who also have done brilliant academic work but still took the time to help the Center by serving on our board and offering their wisdom and guidance. Along with David, my great thanks to Rebecca Blank and to William Julius Wilson.

Now, I remember the first time that I saw Daniel Patrick Moynihan in action. I was a college senior who was taking an extraordinary course taught by Erik Erikson. Erikson gave two lectures a week and, for the third meeting of the course each week, we would take a small class that was generally taught by an instructor or graduate student. A friend had advised me to sign up for a particular small class led by an earnest young psychiatrist by the name of Robert Coles. Coles was an amazing teacher and human being, and he quickly began to have a large effect on me. Occasionally, I would drop by his office in the afternoon to chat. One day in late 1966, I stopped by just as he was leaving, and he said, “I have to speak on a panel across town. Why don't you come with me? You might find it interesting.”

As we drove to the event, Coles explained that Daniel Patrick Moynihan had issued a controversial report called *The Negro Family*, that some of his colleagues were upset with it, and that the panel had been arranged for Coles and Moynihan to discuss it. Coles said to me that some of the event's sponsors probably expected him to take on Moynihan and the report. As I recall, Coles looked at me, and said, “They are going to be disappointed.”

I did not actually meet Pat Moynihan that day. But, years later, when he was a senator, I found myself in his office from time to time, usually talking about poverty or welfare reform. I remember one such afternoon, when I enthusiastically mentioned an article that I had just read in an academic journal with an interesting new perspective on welfare policy from a professor whose work I admired. Let's call him Professor X, for reasons that will become apparent in a moment.

When I mentioned the article, Senator Moynihan rose from his chair, strode across the room to his bookcase, instantly picked the book he wanted — one he'd written a couple of decades earlier — and opened immediately to the page — and the passage — he wanted. He read me a long excerpt that skewered certain modes of thinking. He closed the book, looked at me, and said dismissively, “Thus, Professor X.”

As you know, Senator Moynihan was Washington's most prominent critic of the 1996 welfare law. Although he was a relentless critic of the old welfare system, he feared that, under the new system, a substantial number of poor children and their mothers would sink still deeper into poverty.

In the years immediately after 1996, the conventional wisdom was that Moynihan and others who agreed with him — including us at the Center on Budget — had been proven dead wrong. The welfare rolls plummeted, many families moved from welfare to work, and poverty among children declined markedly as well.

But Moynihan believed the truest test of the new law would come when times were hardest. And today, in 2010, we can see that he had foresight — and that the story is more complicated than the early celebrations of the 1996 law suggested.

To be sure, the welfare law did prod and assist many families to move from welfare to work. Many benefitted. But it also has had a downside. As Moynihan foresaw, large numbers of the least equipped and least functional families found themselves with neither earnings nor cash assistance, and they fell deeper into poverty.

A little data illustrate the point. In 1995, some 11.4 million children lived in deep poverty — that is, below half of the poverty line — before counting income from government benefit programs. In that same year, government benefits lifted all but 1.4 million of those children above half of the poverty line.

Ten years later, in 2005, unemployment was lower than it had been in 1995, and a somewhat smaller number of children — 9.7 million — lived below half the poverty line before taking benefits into account — nearly two million fewer than in 1995. Yet after counting government benefits, 2.4 million children remained below half the poverty line in 2005. In other words, although 1.7 million fewer children were in deep poverty before counting these benefits, one million more were in deep poverty after the benefits were factored in. (By the way, these figures are calculated using the revised poverty measure recommended by a National Academy of Sciences panel on which both Rebecca Blank and, for a time, David Ellwood served.)

Why did this occur? The main reason appears to be the semi-collapse of cash welfare assistance. In the 1980s and the first part of the 1990s, about 80 percent of families eligible for cash assistance through AFDC received it. By 2005, only about 40 percent of those eligible for cash assistance through TANF got it.

The new system's performance in recessions has been even more troubling.

In the 2001 recession and its aftermath, poverty rose and the food stamp and Medicaid rolls rose with it — but the cash assistance rolls did not. In many states, the number of poor families and children receiving cash public assistance actually fell even as unemployment rose.

In the current downturn, this history is repeating itself. In the first part of the recession, poverty and unemployment soared — as did the food stamp rolls. But, in almost half of the states, the number of families receiving TANF cash assistance barely rose or even declined.

So, in this case as in so many others, Senator Moynihan had more foresight than many of his critics. I think we all learned over the years that dismissing Senator Moynihan's judgments and predictions usually turned out to be a mistake.

Senator Moynihan is now gone, but his spirit is alive in the work of many people. Early in 2009, the White House proposed, and Congress approved as part of the Recovery act, a new \$5 billion TANF Emergency Fund. This Fund is providing additional financial resources to states to actually serve the rising numbers of families in need in this economic downturn, through cash assistance and job creation. By this summer, states project that the Fund will be subsidizing close to 180,000 jobs for low-income people who, in most cases, otherwise wouldn't have them. The Fund reflects Moynihan's vision of both providing cash assistance to children in serious need and promoting the opportunity to work.

The Fund, however, is slated to expire on September 30, taking most of these jobs — and the extra resources to provide assistance to the enlarged number of impoverished families — with it, despite an unemployment rate of nearly 10%. The Obama Administration has proposed a badly needed 1-year extension of the Fund. Congress has not yet determined whether to provide it, and a decision is imminent. Maybe Senator Moynihan's expansive spirit can help inspire Congress to push this across the goal line.

Three people who are tonight played a large role in envisioning the Emergency Fund and making it a reality, and I would like to note them. First, Sharon Parrott, formerly of the Center on Budget and now Secretary Sebelius' top advisor on human services, who is sitting with her former teacher and mentor, another of tonight's honorees, Sheldon Danziger. Second, Jason Furman, deputy director of the National Economic Council at the White House. And, third, Ellen Nissenbaum, who has been my close colleague at the Center for the past 26 years. All three of you deserve our thanks.

Ladies and gentlemen, as a nation, we face enormous problems — problems that may seem almost overwhelming. And as I accept this award tonight and look out on this distinguished audience of scholars and practitioners, I can't help but say something you already know — that we will need academic research and analysis to guide policy decisions to an even greater degree in the future than we have in the past.

Our long-term fiscal situation is unsustainable. Wrenching changes are inescapable. And the specific decisions that are made on what those changes are, whom they affect, and how, will have a large bearing on who and what we will become as a people and as a society.

From a fiscal standpoint, our greatest need is to slow the rate of growth of health care costs. In the landmark health reform law, policymakers enacted most of what we know how to do now to restrain health care costs without compromising health care quality — and without rationing care largely by income. To help us find better ways to slow health cost growth, we will need to depend heavily on research, pilot projects, demonstrations, and the like.

We'll also need more research and analysis, on both the spending and tax sides of the budget, on what works and what does not — and for ideas for how to deliver services in new ways that are more economical and efficient.

There is, of course, no assurance that policymakers will pay attention to the serious research and good ideas that emerge from people such as you, and from think tanks, universities, and other institutions across the country. I can only say that urging policymakers to pay attention to them is part of our mission at the Center on Budget.

Thank you again for this wonderful award, which I'm not sure I deserve myself but which I accept on behalf of my dedicated, talented, and hard-working colleagues at the Center, three of whom are here tonight — Susan Steinmetz, the Center's Associate Director — my right arm and the person who keeps the Center functioning at such a high level as an institution year after year, Michelle Bazie, our stellar deputy communications director, and the remarkable Ellen Nissenbaum, whom I've already mentioned.

And in closing, I'd like to leave you with a promise. As we have in the past, my colleagues and I at the Center will be your partners in the future, endeavoring to help bring your hard work to bear in policy debates in the extremely challenging times that lie ahead for our nation. Thank you.